

**701—201.1(423) Permit required.**

**201.1(1) Sales subject to sales tax.** A person shall not make taxable sales of tangible personal property, specified digital products, or services until the person has received a permit from the department. There is no charge for a sales and use tax permit. If a person makes retail sales from more than one location, each location from which taxable sales of tangible personal property, specified digital products, or services will occur shall be required to hold a permit.

**201.1(2) Purchases subject to use tax.** A person purchasing tangible personal property, specified digital products, or taxable services from an out-of-state source for use in Iowa subject to the use tax law shall be liable for the payment of use tax. The person shall be required to file a sales and use tax return with the department, reporting and remitting use tax on all property or taxable service purchased for use in Iowa during the tax period covered by the return, unless the seller from whom the purchase is made is registered with the department and has collected sales or use tax on the purchase.

**201.1(3) Sales subject to use tax.** An out-of-state person making sales into Iowa or sales of tangible personal property, specified digital products, or taxable services without meeting or exceeding the sales threshold as defined in rule 701—215.1(423) may register for a sales and use tax permit to collect use tax on such sales. The person collecting use tax on these sales shall report these sales as sales subject to use tax on the sales and use tax return. Rule 701—215.6(423) contains additional information about sales tax collection obligations for out-of-state persons.

**201.1(4) Infrequent purchases.** A person who does not regularly make purchases subject to use tax but needs to remit tax may use the Iowa nonpermit use tax return. If a person owes less than \$1,200 per year in use tax, the person does not need to obtain a permit and may file the Iowa nonpermit use tax return.

This rule is intended to implement Iowa Code section 423.36.  
[ARC 6398C, IAB 7/13/22, effective 7/1/22]